

SENATE BILL 904

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By: **Senator Middleton**

Introduced and read first time: February 8, 2012

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Medical Assistance Program – Health Care Delivery Systems –**
3 **Pilot Project**

4 FOR the purpose of establishing a pilot project in the Department of Health and
5 Mental Hygiene to test alternative and innovative health care delivery systems
6 that provide services to certain Maryland Medical Assistance Program
7 recipients in a certain manner; requiring the Secretary of Health and Mental
8 Hygiene to develop a request for proposals for participation in the pilot project
9 in consultation with certain individuals and entities; requiring the Secretary to
10 take certain actions in developing the request for proposals; establishing certain
11 eligibility requirements for participation by a health care delivery system in the
12 pilot project; providing that a health care delivery system may be formed by
13 certain groups of providers of services or suppliers; authorizing a health care
14 delivery system to enter into certain contracts and to contract with a managed
15 care organization to provide certain services; authorizing the Secretary to
16 require a health care delivery system to enter into certain contracts for certain
17 purposes; requiring the Secretary, in developing a certain payment system, to
18 establish a certain benchmark or payment model; requiring the Secretary to
19 submit a certain application, if necessary, and to apply for certain grants to
20 implement this Act; and generally relating to a health care delivery systems
21 pilot project in the Maryland Medical Assistance Program.

22 BY adding to
23 Article – Health – General
24 Section 15–147
25 Annotated Code of Maryland
26 (2009 Replacement Volume and 2011 Supplement)

27 Preamble

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, In fiscal year 2011, 163,000 individuals in the Maryland Medical
2 Assistance Program were in a fee-for-service program, while 600,000 individuals in
3 the Program were enrolled in managed care organizations; and

4 WHEREAS, In fiscal year 2011, the average cost of caring for an individual in a
5 fee-for-service program was \$10,600, while the average cost of caring for an
6 individual enrolled in a managed care organization was \$4,540; and

7 WHEREAS, A pilot project to test alternative health care delivery systems and
8 provide case management services to individuals in fee-for-service programs in the
9 Maryland Medical Assistance Program may result in savings to the State; now,
10 therefore,

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article – Health – General**

14 **15-147.**

15 **(A) THERE IS A PILOT PROJECT TO TEST ALTERNATIVE AND**
16 **INNOVATIVE HEALTH CARE DELIVERY SYSTEMS, INCLUDING ACCOUNTABLE**
17 **CARE ORGANIZATIONS, THAT PROVIDE SERVICES TO THE FEE-FOR-SERVICE**
18 **PROGRAM POPULATION FOR AN AGREED-ON TOTAL COST OF CARE OR**
19 **RISK-GAIN SHARING PAYMENT ARRANGEMENT IN THE DEPARTMENT.**

20 **(B) (1) THE SECRETARY SHALL DEVELOP A REQUEST FOR**
21 **PROPOSALS FOR PARTICIPATION IN THE PILOT PROJECT IN CONSULTATION**
22 **WITH HOSPITALS, PRIMARY CARE PROVIDERS, HEALTH PLANS, AND OTHER**
23 **STAKEHOLDERS.**

24 **(2) IN DEVELOPING THE REQUEST FOR PROPOSALS, THE**
25 **SECRETARY SHALL:**

26 **(i) ESTABLISH UNIFORM METHODS OF FORECASTING**
27 **UTILIZATION AND COST OF CARE FOR INDIVIDUALS IN FEE-FOR-SERVICE**
28 **PROGRAMS, TO BE USED BY THE SECRETARY FOR THE HEALTH CARE DELIVERY**
29 **SYSTEMS PILOT PROJECT;**

30 **(ii) IDENTIFY THE KEY INDICATORS OF QUALITY, ACCESS,**
31 **PATIENT SATISFACTION, AND OTHER PERFORMANCE INDICATORS THAT WILL BE**
32 **MEASURED, IN ADDITION TO INDICATORS FOR MEASURING COST SAVINGS;**

1 (III) ALLOW MAXIMUM FLEXIBILITY TO ENCOURAGE
2 INNOVATION AND VARIATION SO THAT A VARIETY OF PROVIDER
3 COLLABORATIONS MAY BECOME HEALTH CARE DELIVERY SYSTEMS;

4 (IV) ENCOURAGE AND AUTHORIZE DIFFERENT LEVELS OF
5 FINANCIAL RISK;

6 (V) ENCOURAGE AND AUTHORIZE PROJECTS
7 REPRESENTING A WIDE VARIETY OF GEOGRAPHIC LOCATIONS, PATIENT
8 POPULATIONS, PROVIDER RELATIONSHIPS, AND CARE COORDINATION MODELS;

9 (VI) ENCOURAGE PROJECTS ESTABLISHED BY COMMUNITY
10 HOSPITALS, CLINICS, AND OTHER PROVIDERS IN RURAL COMMUNITIES;

11 (VII) IDENTIFY REQUIRED COVERED SERVICES FOR A TOTAL
12 COST-OF-CARE MODEL OR SERVICES CONSIDERED IN WHOLE OR PARTIALLY IN
13 AN ANALYSIS OF UTILIZATION FOR A RISK-GAIN SHARING MODEL;

14 (VIII) ESTABLISH A MECHANISM TO MONITOR ENROLLMENT;
15 AND

16 (IX) ESTABLISH QUALITY STANDARDS FOR THE HEALTH
17 CARE DELIVERY SYSTEMS PILOT PROJECT.

18 (C) TO BE ELIGIBLE TO PARTICIPATE IN THE PILOT PROJECT, A
19 HEALTH CARE DELIVERY SYSTEM SHALL:

20 (1) PROVIDE REQUIRED COVERED SERVICES AND CARE
21 COORDINATION TO RECIPIENTS ENROLLED IN THE HEALTH CARE DELIVERY
22 SYSTEM;

23 (2) ESTABLISH A PROCESS TO MONITOR ENROLLMENT AND
24 ENSURE THE QUALITY OF CARE PROVIDED;

25 (3) PROVIDE A SYSTEM FOR ADVOCACY AND CONSUMER
26 PROTECTION; AND

27 (4) ADOPT INNOVATIVE AND COST-EFFECTIVE METHODS OF
28 HEALTH CARE DELIVERY AND COORDINATION, INCLUDING THE USE OF ALLIED
29 HEALTH PROFESSIONALS, TELEMEDICINE, PATIENT EDUCATORS, CARE
30 COORDINATORS, AND COMMUNITY HEALTH WORKERS.

1 **(D) (1) A HEALTH CARE DELIVERY SYSTEM MAY BE FORMED BY THE**
2 **FOLLOWING GROUPS OF PROVIDERS OF SERVICES AND SUPPLIERS IF THEY**
3 **HAVE ESTABLISHED A MECHANISM FOR SHARED GOVERNANCE:**

4 **(I) PROFESSIONALS IN GROUP PRACTICE ARRANGEMENTS;**

5 **(II) NETWORKS OF INDIVIDUAL PRACTICES OF**
6 **PROFESSIONALS;**

7 **(III) PARTNERSHIPS OR JOINT VENTURE ARRANGEMENTS**
8 **BETWEEN HOSPITALS AND HEALTH CARE PROFESSIONALS;**

9 **(IV) HOSPITALS EMPLOYING HEALTH CARE**
10 **PROFESSIONALS; AND**

11 **(V) OTHER GROUPS OF PROVIDERS OF SERVICES AND**
12 **SUPPLIERS AS THE SECRETARY DETERMINES APPROPRIATE.**

13 **(2) A MANAGED CARE ORGANIZATION MAY PARTICIPATE IN THE**
14 **PILOT PROJECT WITH ONE OR MORE OF THE ENTITIES LISTED IN PARAGRAPH**
15 **(1) OF THIS SUBSECTION.**

16 **(3) A HEALTH CARE DELIVERY SYSTEM MAY CONTRACT WITH A**
17 **MANAGED CARE ORGANIZATION TO PROVIDE ADMINISTRATIVE SERVICES,**
18 **INCLUDING THE ADMINISTRATION OF A PAYMENT SYSTEM USING THE PAYMENT**
19 **METHODS ESTABLISHED BY THE SECRETARY FOR HEALTH CARE DELIVERY**
20 **SYSTEMS.**

21 **(E) THE SECRETARY MAY REQUIRE A HEALTH CARE DELIVERY SYSTEM**
22 **TO ENTER INTO ADDITIONAL THIRD-PARTY CONTRACTUAL RELATIONSHIPS FOR**
23 **THE ASSESSMENT OF RISK AND PURCHASE OF STOP LOSS INSURANCE OR**
24 **ANOTHER FORM OF INSURANCE RISK MANAGEMENT RELATED TO THE HEALTH**
25 **CARE DELIVERY SYSTEM.**

26 **(F) A HEALTH CARE DELIVERY SYSTEM MAY:**

27 **(1) CONTRACT AND COORDINATE WITH PROVIDERS AND CLINICS**
28 **FOR THE DELIVERY OF SERVICES; AND**

29 **(2) CONTRACT WITH COMMUNITY HEALTH CENTERS, FEDERALLY**
30 **QUALIFIED HEALTH CENTERS, COMMUNITY MENTAL HEALTH CLINICS OR**
31 **PROGRAMS, AND RURAL CLINICS.**

1 **(G) (1) IN DEVELOPING A PAYMENT SYSTEM FOR A HEALTH CARE**
2 **DELIVERY SYSTEM, THE SECRETARY SHALL ESTABLISH A TOTAL COST OF CARE**
3 **BENCHMARK OR A RISK-GAIN SHARING PAYMENT MODEL.**

4 **(2) THE PAYMENT SYSTEM MAY INCLUDE INCENTIVE PAYMENTS**
5 **TO A HEALTH CARE DELIVERY SYSTEM THAT MEETS OR EXCEEDS ANNUAL**
6 **QUALITY AND PERFORMANCE TARGETS REALIZED THROUGH THE**
7 **COORDINATION OF CARE.**

8 **(H) TO IMPLEMENT THE PILOT PROJECT DEVELOPED UNDER THIS**
9 **SECTION, THE SECRETARY SHALL:**

10 **(1) SUBMIT TO THE CENTERS FOR MEDICARE AND MEDICAID**
11 **SERVICES AN APPLICATION FOR A WAIVER OR DEMONSTRATION, IF NECESSARY;**
12 **AND**

13 **(2) APPLY FOR APPLICABLE GRANTS AVAILABLE UNDER THE**
14 **FEDERAL PATIENT PROTECTION AND AFFORDABLE HEALTH CARE ACT OR THE**
15 **FEDERAL HEALTH CARE AND EDUCATION RECONCILIATION ACT OF 2010.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2012.